

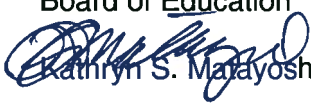


STATE OF HAWAII  
DEPARTMENT OF EDUCATION  
P.O. BOX 2360  
HONOLULU, HAWAII 96804

OFFICE OF THE SUPERINTENDENT

April 3, 2012

TO: The Honorable Wesley Lo, Chairperson  
Committee on Finance and Infrastructure  
Board of Education

FROM:  Kathryn S. Matayoshi, Superintendent

SUBJECT: Student Transportation Deficit

1. RECOMMENDATION

It is recommended that the projected \$22 million deficit in fiscal year 2012-13 in student transportation operations that will result if the general fund appropriation for student transportation is \$48 million, as proposed in the current version of the budget bill be addressed as follows:

- Increase the qualifying distance for students in grades K-5 from 1 mile to 2 miles and for students in grades 6-12 from 1.5 miles to 3 miles.
- Replace the current free fare for certain categories of students with a reduced fare equal to half the full fare, unless free fare is mandated by federal law.
- Eliminate free City bus passes for certain categories of students in urban Honolulu.
- Selectively suspend school bus service, using the criteria in either Alternative A or Alternative B below:

It should be noted that annual savings of \$12 million to \$15 million can be achieved as current contracts expire and are replaced with contracts that offer contractors the opportunity to lease buses from the Department of Education (Department), which would enable the Department to restore in the future most of what must be suspended because of insufficient funding in FY 2012-13.

Alternative A

Suspend regular bus service as necessary in the following order (start suspending service beginning with the schools at the top of the list). Curb-to-curb transportation services mandated on individualized educational plans, for homeless students, and for students eligible to attend a "school of choice" under the Federal No Child Left Behind Act will continue, irrespective of reductions in regular bus service.

- Oahu schools – secondary except in Zones of School Innovation (ZSI - Nanakuli/Waianae)
- Neighbor island urban schools – secondary (Lihue, Wailuku/Kahului, Hilo)
- Oahu schools – secondary in ZSI
- Oahu schools – elementary except in ZSI
- Neighbor island urban schools – elementary
- Neighbor island rural schools – secondary (outside of Lihue, Wailuku/Kahului, Hilo)
- Neighbor island rural schools – elementary
- Oahu schools – elementary in ZSI
- Big Island schools – secondary in ZSI
- Big Island schools – elementary in ZSI

#### Alternative B

Suspend bus service as necessary, starting with the highest cost bus contracts. This would maximize the number of students served by the student transportation program.

In addition to the actions above, we would aggressively pursue the cost-reduction strategies set forth in a memorandum to me dated March 30, 2012 from assistant superintendent Randolph Moore.

Amendments to Chapter 8-27, Hawaii Administrative Rules (“Transportation of Students”) were approved by the Board on February 10, 2010 for public hearing. However, the request to the Governor for approval to hold the public hearing was not made, so the amendments are not yet effective. We are preparing a request to the Governor to approve the holding of a public hearing. If the Governor’s approval is timely, the public hearing could be held in May and the amendments could become effective for the upcoming school year. The amendments, when effective, would allow the Department, upon approval of the Board, to:

- Replace the free fare with a reduced price fare, unless free transportation is required by the federal government.
- Allow the Department, with Board approval, to determine which categories of students are eligible for free bus service and which are eligible for reduced fares.
- Increase the qualifying distance.

#### 2. RECOMMENDED EFFECTIVE DATE

Upon approval by the Board.

#### 3. RECOMMENDED COMPLIANCE DATE (if different from the effective date)

Upon approval by the Board.

#### 4. DISCUSSION

a. Conditions leading to the recommendation

The 2012 budget bill in the Legislature appropriates next fiscal year either \$20.3 million (House version) or \$23 million (Senate version) more than the amount necessary to provide federally-mandated student transportation. The cost of the current student transportation, over and above what is federally mandated, is approximately \$42 million. The result, if these recommendations are not approved, will be a significant deficit in the student transportation program.

b. Previous action of the Board on the same or similar matter

The qualifying distance for students in grades 6-12 was increased from 1 mile to 1.5 miles by amendment of Chapter 8-27, Hawaii Administrative Rules, effective July 1, 2009. The full bus fare was increased from \$60 per quarter and \$225 per year to \$72 per quarter and \$260 per year on July 19, 2011, effective upon Board approval.

c. Other policies affected

None.

d. Arguments in support of the recommendation

The recommended action will provide a direction and plan for eliminating the deficit in student transportation fiscal year 2012-13. It will be clear to parents, students, school-level personnel, other Department personnel, bus contractors, and the general public what actions will be taken and the reason for the actions.

e. Arguments against the recommendation

Some students who now receive transportation services will not receive them next school year.

f. Findings and conclusions of the Board committee

To be determined.

g. Other agencies or departments of the State of Hawaii involved in the action

None.

h. Possible reaction of the public, professional organizations, unions, DOE staff and/or others to the recommendations

Parents and students are likely to be unhappy if student transportation services will be eliminated for them. Traffic congestion is likely to increase because more students will drive or be driven to school in private automobiles. Members of the public will be concerned about the safety of increased numbers of students who will walk to school.

Bus contractors will be unhappy that their business will decline. Members of the public who ride the City bus on Oahu may be unhappy if their buses are crowded with public school students.

i. Educational implication

Discontinuing bus services may cause some students to be late to or absent from school, or arrive too late to participate in the school breakfast program. Some students may drop out of school.

j. Personnel implications

There will be a continuing burden on our district transportation officers, as they work with bus contractors and field inquiries and complaints from parents and school personnel.

k. Facilities implications

There will likely be increased traffic congestion at school during the morning drop-off and afternoon pick-up of students.

l. Financial implications

The Department will avoid a deficit in student transportation operations, so funds which would have been required to cover a student transportation deficit will instead be available for other Department programs.

5. OTHER SUPPLEMENTARY RECOMMENDATIONS

None

KSM:RGM:ck

Attachment:

Memorandum dated March 30, 2012 from Randolph Moore, Assistant Superintendent

c: The Honorable Donald G. Horner, Chairperson, Board of Education  
Office of School Facilities and Support Services